



ENTERPRISE ZONES: CREATING JOBS, STRENGTHENING SMALL BUSINESSES, RESTORING LOCAL ECONOMIES

November 3, 2006

Today Governor Schwarzenegger announced the conditional designation of 23 enterprise zones throughout California, continuing his successful efforts to increase jobs, reduce poverty and build long-term economic stability. The Governor's economic policies have helped add more than 650,000 new jobs in California.

Building economic opportunities statewide

Enterprise zones aid economically distressed areas by offering businesses substantial incentives if they locate or expand within a designated geographic area. Enterprise zones reward businesses that hire local workers, encourage entrepreneurship and diversify communities' economic base. There are currently 42 zones in California—the maximum allowed by state law—and zone designations extend for either 15 or 20 years.

Incentives include:

- Hiring credits of \$30,000 or more for qualified employees.
- Sales tax credits of \$20 million per year for purchasing machinery and parts.
- Tax deductions and up-front expensing of certain property.
- Assistance for banks that give zone businesses loans.

Linking benefits and incentives to the greatest need

Today's announcement follows a six-month application process to assess which zone applicants demonstrated the greatest need and potential. The new designations take the place of 23 zones expiring over the next several months. In order to finalize the conditional designations, local city and county governments must now complete environmental impact reports and economic development plans, then sign a memorandum of understanding with the Department of Housing and Community Development (HCD). To help ensure that economic zones meet hiring and performance measures, the State intends to audit zones annually. State law requires audits every five years.

The success of enterprise zones in spurring economic recovery is well documented. A report released by HCD in August 2006 shows that from 1990-2000, compared to the rest of California, enterprise zones on average experienced:

- Poverty rates – 7.35 percent lower than the rest of the state
- Household incomes – 7.1 percent higher
- Salary income – 3.5 percent higher
- Median rents – 2.3 percent higher

A recent UC Davis study reports that California's enterprise zones added nearly 300,000 jobs to California from 1992-2002, and that employment in the zones grew at almost double the rest of the state. This study also confirmed that the tax collections generated by enterprise zones are higher than their cost.

Assistance for every part of the state

The 23 new zones touch every major region of California:

Central Valley 24,377 businesses located within the zone; 12,266 hires the first year

City of Arvin	City of Arvin
Delano	City of Delano
Fresno-City	City of Fresno
Fresno-County	Cities of Fowler, Firebaugh, Kerman, Mendota, Orange Cove, Parlier, San Joaquin, Sanger, Selma, County of Fresno
Merced	Cities of Los Banos, Atwater, Dos Palos, Gustine, Livingston, Merced, County of Merced

Greater Sacramento/Stockton 3,683 businesses located within the zone; 3,900 hires the first year

North Sacramento	City of Sacramento, County of Sacramento
Yuba Sutter	Cities of Marysville, Yuba City, Wheatland, Live Oak, Counties of Yuba and Sutter

Inland Empire/Imperial Valley 5,651 businesses located within the zone; 3,225 hires the first year

Calexico	City of Calexico, County of Imperial
City of San Bernardino	Cities of San Bernardino and Colton, County of San Bernardino, Inland Valley Development Agency
Coachella	Cities of Coachella and Indio, County of Riverside

Los Angeles Region 80,653 businesses located within the zone; 19,880 hires the first year

City of LA-Central/Hollywood	City of Los Angeles – Hollywood and Central City
Compton	City of Compton
Santa Clarita	City of Santa Clarita
Long Beach	City of Long Beach
Pasadena	City of Pasadena
City of Southgate/Lynwood	Cities of Southgate and Lynwood

San Diego 8,640 businesses located within the zone; 2,500 hires the first year.

San Diego	Cities of San Diego, Chula Vista, National City
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Bay Area 38,067 businesses located within the zone; 6,000 hires the first year

Richmond	City of Richmond
San Francisco	City and County of San Francisco
San Jose	City of San Jose

Northern California 7,810 businesses located within the zone; 1,900 hires the first year

Shasta	Cities of Redding, Anderson, Shasta Lake, County of Shasta
Eureka	City of Eureka, County of Humboldt
Oroville	City of Oroville

For a copy of the Governor's press release, please click on the following link:

<http://gov.ca.gov/index.php?/press-release/4656/>